



State Board of Equalization

News Release

Vice Chair Michelle Steel

3rd District – Rolling Hills Estates

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Michelle Steel: Taxpayers Might Owe Use Tax

California Board of Equalization Vice-Chair Michelle Steel today reminded taxpayers that as they file their income tax returns due this April 18, to report and pay any use tax they might owe.

Use tax is what is owed by the consumer on items purchased from out-of-state retailers that do not collect sales or use tax. That includes purchases made through the internet, mail-order or over the phone.

Use tax has been law since 1935 in California.

The easiest way for a consumer to report and pay use tax is on the Franchise Tax Board State Income Tax return. On the line called “Use Tax”, a consumer should put the amount of use tax owed and send in the payment. Use tax owed is calculated based on the purchase price of the item and sales tax rate in your local area. Sales tax rates in California range from 8.25% - 10.75%, depending upon where you live. Consumers should retain their receipts and invoices and check to see if sales or use tax was collected at the time of sale. Consumers should also look for other indications that there is no use tax obligation, or that it has been taken care of, for example a notation that the item was shipped from within the state, or an invoice or statement that California tax requirements have been met.

While the simplest way for a consumer to pay use tax is through the use tax line on the income tax return, consumers may also register with the BOE for a consumer use tax account to report and pay use tax. Retailers registered with the BOE are required to pay use tax with their regular sales tax returns. Service industry businesses with gross receipts of over \$100,000 are required through legislation passed in 2009 to register with the BOE as a “qualified purchaser” for the purpose of paying use tax.

For more information about use tax, visit www.boe.ca.gov.

Elected to the Board of Equalization in 2006 and re-elected in 2010, Michelle Steel serves as *Southern California’s elected taxpayer advocate*. In December 2007, Steel discovered the Board of Equalization had delayed the return of millions of dollars in security deposits owed to California businesses. Procedures were changed due to Steel’s decisive leadership. Following her investigation, the tax agency refunded tax security deposits to over 5,500 small businesses.

The five-member California State Board of Equalization (BOE) is a publicly elected tax board. The BOE collects more than \$48 billion annually in taxes and fees supporting state and local government services. It hears business tax appeals, acts as the appellate body for franchise and personal income tax appeals, and

serves a significant role in the assessment and administration of property taxes. For more information on other taxes and fees in California, visit www.taxes.ca.gov.

California Use Tax Information: <http://www.boe.ca.gov/taxprograms/usetax/index.html>

BOE California Use Tax Return: <http://www.boe.ca.gov/pdf/pub79b.pdf>

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